

**Testimony of Congressman Albert R. Wynn**

**Maryland, 4<sup>th</sup> Congressional District**

**Before the**

**Committee on House Administration**

**“Regulation of 527 Organizations”**

**APRIL 20, 2005**

Most of us envision the national political party committees as dominant players in the American political process, supporting candidates and promoting a national political philosophy. However, following the Bipartisan Campaign Reform Act, the role of the national party committees was dramatically reduced. Currently, the parties are subjected to aggregate limits on their “hard money” contributions from individual donors. On the other hand, 527 organizations can raise unlimited amounts of hard money as well as unlimited amounts of unregulated “soft” money in the form of corporate donations and contributions from labor unions. Since the 527s were allowed to raise unregulated soft money, it was easier for them to raise and spend huge amounts of money on media and other campaign activity and they emerged as a dominant force in the 2004 national elections.

To help restore the balance between the national parties and 527 organizations, Congressman Pence and I coauthored the 527 Fairness Act. The bill would allow national political parties to more effectively raise hard money campaign contributions for their candidates and to promote their party’s agenda. Let me emphasize – this bill would not allow federal candidates or parties to raise or spend soft money. In support of this bill, I’d like to make the following points:

First, this bill does not affect any of the operations of, or the rules affecting 527 organizations. Instead, Congressman Pence and I decided that our bill should make it easier for national party committees, such as the DNC, RNC, DSCC, NRSC, DCCC, and NRCC to raise and spend hard money. Under current law, during the 2004 elections, an individual was allowed to contribute \$26,700 to each national party committee. However, that person was limited to contributing a total of \$61,400 to all federal party committees and federal PACs. This “aggregate limit” means that an individual must choose between the national party committees and federal PACs to determine which organizations he will support because the aggregate limit does not allow that individual to contribute the maximum amount to each party committee. The 527 Fairness Act repeals the aggregate limits on contributions to the party committees. Thus, a donor could contribute the maximum of \$26,700 to each of the national party committees.

Second, the national and state party committees are now limited in how much hard money they are allowed to contribute to their candidates. In the 2004 election cycle, House campaigns were able to receive up to \$76,600 in combined contributions from their national and state party committees – up to \$38,300 from each committee. Aggregate contribution limits to Senate races are determined by a state's population. This bill would repeal these limitations on House and Senate races and allow the national and state party committees to contribute an unlimited amount of hard money to their federal candidates.

Third, BCRA's reach extended to restrictions on local and state party committees. These committees were created to foster the basic voter education and mobilization activities, such as creating and distributing sample ballots. Last year, local parties were forced to create federal PACs and raise hard money in order to accomplish this. According to a local party chair in my state, this restriction places a great burden on the state and other local party committees. To relieve the state and local committees of this burden, we included a narrow provision in this bill to allow local and state party committees to spend soft money on sample ballots only if the sample ballots list all of the candidates for federal office regardless of party affiliation.

Fourth, this bill would also restore the original provision in the Bipartisan Campaign Reform Act to allow nonprofit groups, such as social welfare/grassroots organizations, labor unions, and trade associations to use hard money for electioneering communications. This would allow legitimate grassroots organizations to engage in political speech without having to form a federal PAC so long as they do not call for voters to vote for or against a particular candidate.

Fifth, current contribution limits for national parties, state parties, and individual campaigns are indexed to inflation. In order to assure continued fairness for all federal political action committees, this bill would index all federal PAC contribution limits to inflation rates.

The Party committees provide more transparency, accountability, and diversity than 527s through their connection to both grassroots party membership and elected party officials. In order to have a level playing field, party committees should be allowed to raise and spend hard money for political campaigns without unnecessary restrictions on aggregate contributions and spending. Therefore, I ask that the Committee support the 527 Fairness Act.